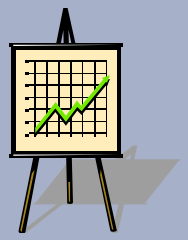
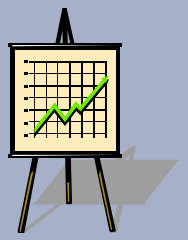
City Manager's Proposed FY 2014-2015 Budget Submittal

Presentation to City Council

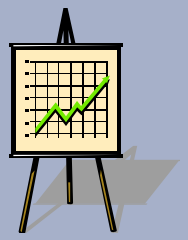
April 8, 2014



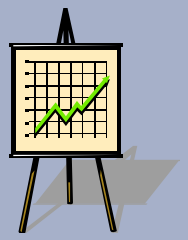
Home Sales



Home Prices

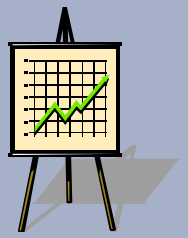


New Home Construction



Building Permits

The Economy



Employment

Unemployment

Consumer Confidence

Consumer Spending

General Fund FY13-14 Forecast

Revenues:

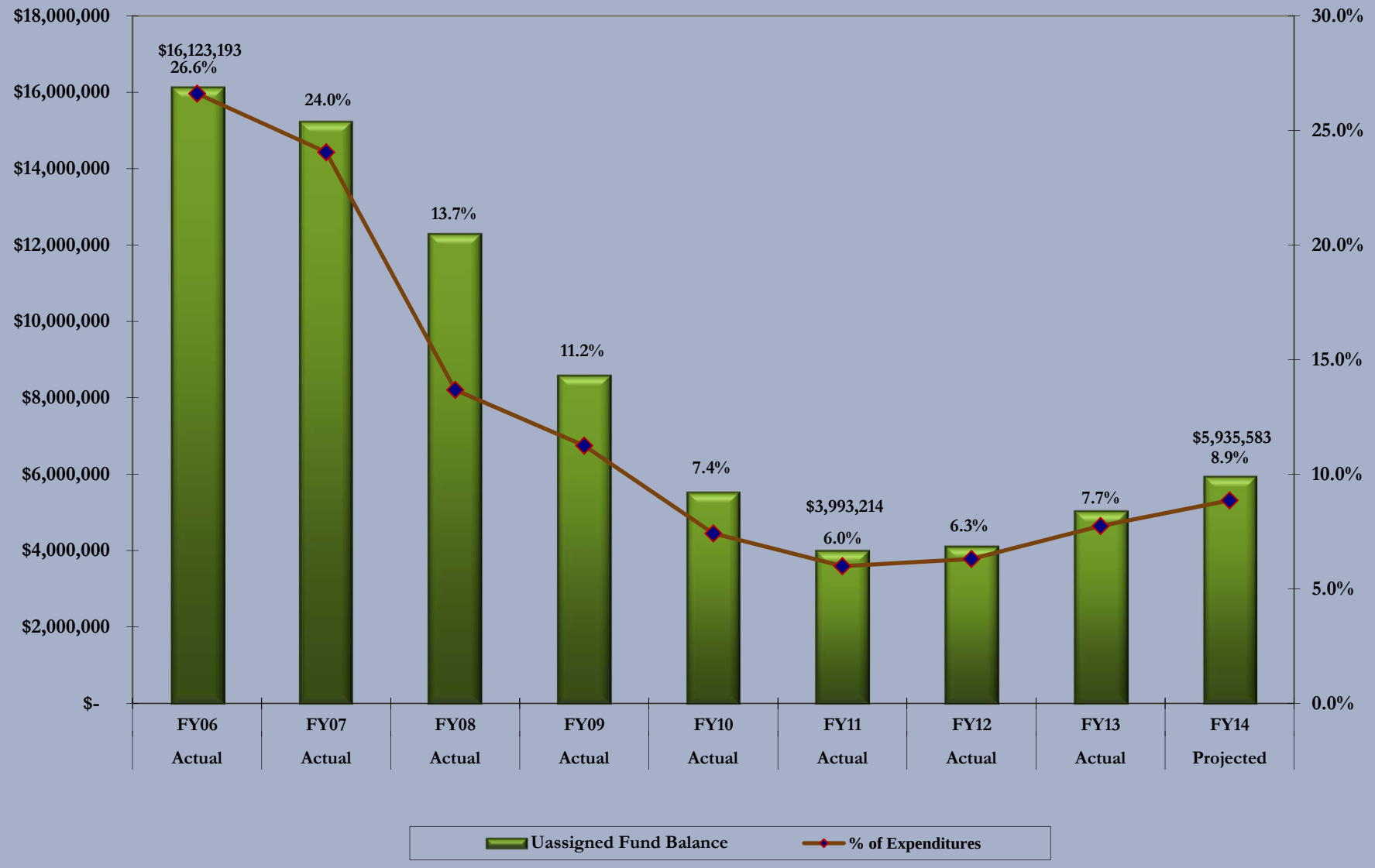
Property Tax	$17,764,843
Sales Tax	19,019,410
Transfers In	8,539,211
Charges for Services	10,751,450
Intergovernmental	5,881,961
All Other	5,869,322
Total:	$67,826,197

Expenditure:

Salaries	$32,281,223
Benefits	18,625,772
O&M	13,571,312
Debt & Capital	2,525,962
Total:	$67,004,269

Surplus/(Deficit): $ 821,928

Unassigned General Fund Balance



Appropriations by Fund

	FY14 Appropriated	FY15 Proposed
General Fund	$ 65,890,132	$ 68,225,860
Enterprise Fund	40,714,106	37,932,399
Special Revenue Fund	11,372,390	12,540,046
Debt Service Funds	18,502,090	17,272,650
Capital Project Funds	4,846,868	18,124,826
Internal Service Funds	15,565,683	16,786,196
Fiduciary Funds	22,778,063	21,604,402
Total	$ 179,669,332	$ 192,486,379

General Fund Budget Overview

Budget Principles

1. Build Fiscal Sustainability
2. Invest for the Future by Building Fund Balance
3. Reduce Negative Balances in Funds
4. Reduce Reliance on Special Revenue Funds for Operating Costs
5. Address Deferred Maintenance and Equipment Needs
6. Restore Selected Service Levels That Have Been Reduced in the Past if Effective and Fiscally Prudent.

The General Fund

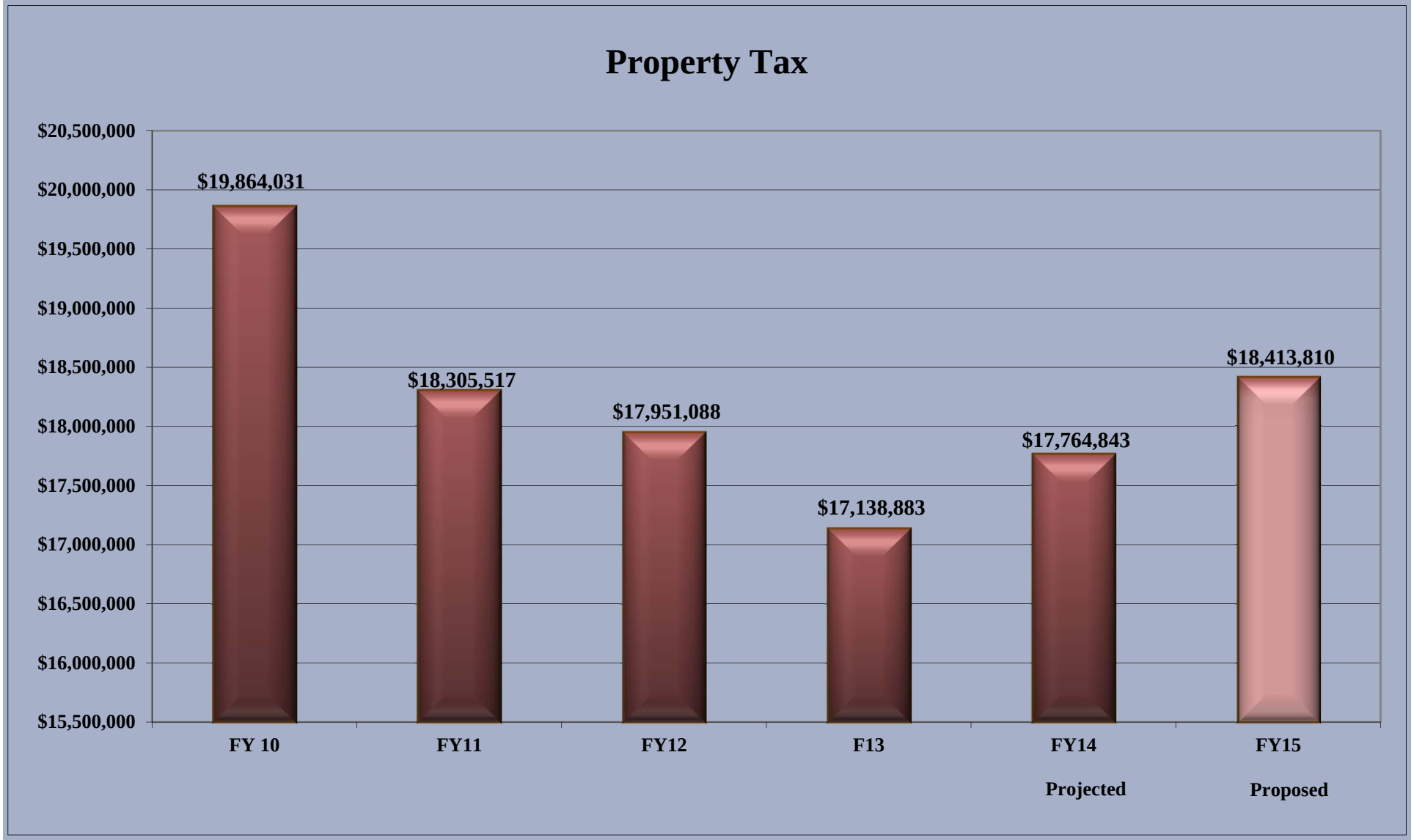
FY 11 Appropriation	$67,079,166
FY 12 Appropriation	$65,375,468
FY 13 Appropriation	$64,123,306
FY 14 Appropriation	$65,890,132
FY 15 Proposed	$68,225,860

General Fund Summary

	FY 12-13 Actual	FY 13-14 Projected	FY 14-15 Proposed
Revenue	$ 65,911,839	$ 67,826,197	$ 68,225,860
Expenditures	$ 65,185,361	$ 67,004,269	$ 68,225,860
Change in Fund Balance	$ 726,478	$ 821,928	$ -
Unassigned Fund Balance	$ 5,020,894	$ 5,935,583	$ 5,935,583
% of Expenditures	7.7%	8.9%	8.7%

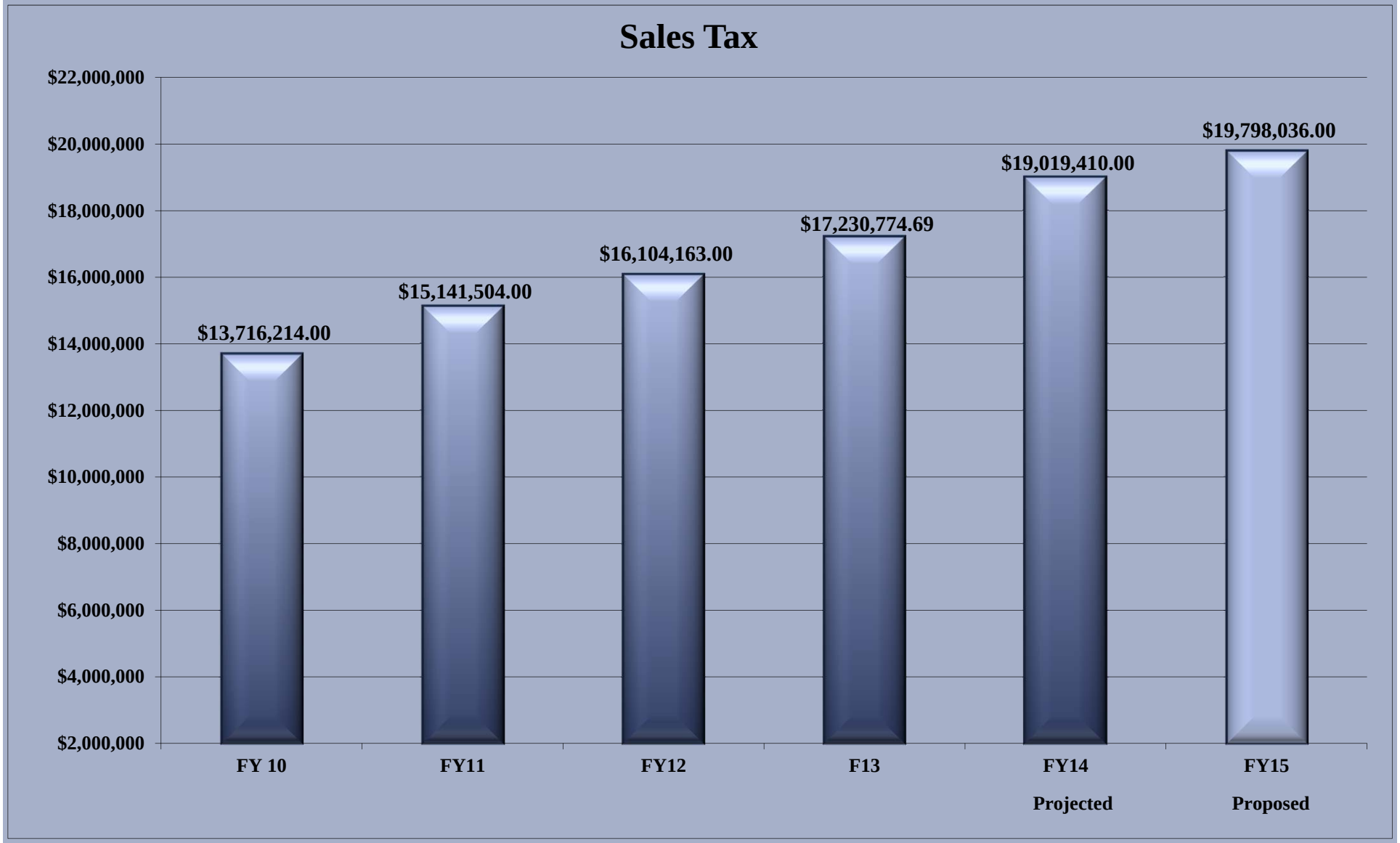
Summary of Revenues by Source

	FY 13 Actual	FY 14 Projected	FY 15 Proposed
Property Tax	$ 17,138,883	$ 17,764,843	$ 18,413,810
Sales and Use Tax	17,230,775	19,019,410	19,798,036
Charges for Services	10,849,801	10,751,450	10,690,195
Intergovernmental	6,261,044	5,881,961	5,790,000
Licenses and Permits	1,734,633	1,960,300	1,919,954
Transient Occupancy	1,603,588	1,297,233	1,310,214
Franchise Fees	688,875	700,600	710,000
Other Taxes	578,365	648,617	655,107
Fines and Forfeitures	334,066	329,835	314,000
Real Property Transfer	395,142	370,000	385,000
Interest Earnings	80,500	108,149	110,000
Miscellaneous	253,059	454,588	320,282
Transfers In	8,763,108	8,539,211	7,809,262
Total Revenue	$ 65,911,839	$ 67,826,197	$ 68,225,860


Property Tax
$20,500,000
$20,000,000
$19,500,000
$19,000,000
$18,500,000
$18,000,000
$17,500,000
$17,000,000
$16,500,000
$16,000,000
$15,500,000
$19,864,031
$18,305,517
$17,951,088
$17,138,883
$17,764,843
$18,413,810
FY 10
FY11
FY12
F13
FY14
Projected
FY15
Proposed

Property Tax Calculation

Beginning Assessed Value	$	10,056,044,116
New Home Sales (Net AV gain)		37,050,000
Existing Home Sales (Net AV gain)		77,400,000
Prop 13 Annual Adjustment		21,640,460
Prop 8 Adjustments		333,148,608
Exemptions		(94,154,537)
Utility Roll		122,013
Assessed Value Sub-Total		10,431,250,660
Tax Rate (18.94% of 1%)		0.001894
Secured Property Tax		19,756,789
Tax Sharing		(2,167,479)
Unsecured Property Tax		824,500
Total Property Tax	$	18,413,810


Sales Tax
$22,000,000
$20,000,000
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$13,716,214.00
$15,141,504.00
$16,104,163.00
$17,230,774.69
$19,019,410.00
$19,798,036.00
FY 10
FY11
FY12
F13
FY14
Projected
FY15
Proposed

Sales Tax Calculation

	FY14 Projected	FY15 Proposed	% Change
Point of Sale	$ 15,803,585	$ 16,909,836	7.0%
FPA Tax Sharing	200,000	214,000	7.0%
State/Co Pool	2,390,116	2,557,424	7.0%
Less: SBOE	(175,981)	(191,333)	8.7%
Triple Flip	(4,598,425)	(4,920,315)	7.0%
Tax Comp	4,944,347	4,732,239	-4.3%
Total	$ 18,563,642	$ 19,301,851	4.0%
Prop 172	463,724	496,185	7.0%
Grand Total	$ 19,027,366	$ 19,798,036	4.1%

Charges for Service

	FY13-14 Projection	FY14-15 Proposed
Parks & Rec	$ 4,828,635	$ 4,892,866
Fire	2,698,034	2,615,200
Comm Dev	1,558,501	1,645,296
Public Works	1,179,770	1,108,133
Gen Gov	402,910	334,700
Police	76,600	88,600
Library	7,000	5,400
Total:	$ 10,751,450	$ 10,690,195

Discretionary Allocation

Revenue	$68,225,860
Status Quo	$66,129,354
Additional	$ 2,096,506

Status Quo Expenditure Assumptions

1. No General Fund Staffing increase
2. 1% increase in operations & maintenance costs
3. Compensated leaves payments reduced from 7% to 5% of base salary.
4. 3% reduction in overall salary level (due to turnover and new salary scales
5. 10% increase in PERS payments
6. 0% changes in active employee health cost
7. 16% increase in retiree health cost

Total = $66,129,354

Park Maintenance

Replace Synthetic Turf at Kemp Park and Sports Complex	$145,000
Additional CDCR crew	$ 91,800
Lembi Baseball Field infield replacement	$ 27,000
Lighting controls at Kemp and Livermore Parks	$ 23,600
Muni Landscaping contract increases	$ 23,700
Trail Maintenance	$ 14,000
Computerized timing control for irrigation	$ 7,000
	$332,100

Building Maintenance

Community Center HVAC controls	$ 30,000
Parking Structure maintenance	$ 28,400
City Hall maintenance	$ 23,500
Fire Station maintenance	$ 20,000
Zoo fox exhibit, roofs (gift shop & ticket booth), shade sails	$ 18,500
Community Center door lock replacement	$ 8,000
	$128,400

Vehicle & Equipment Replacement

Police Vehicles	$300,000
Fire Ambulance re-mount	$140,000
Parks Dump Truck	$ 66,000
Mobile Computer Terminals in Fire Apparatus	$ 55,800
Handheld radio replacement program	$ 50,434
Animal control vehicle maintenance	$ 1,500
	$613,734

Program Maintenance

Gas Tax "maintenance of effort"	$ 300,000
Reduce Tree mitigation fund use	$ 220,000
Park Utility Account Supplement	$ 100,000
Fire Overtime Account Supplement	$ 200,000
O&M and computer equipment	$ 116,572
Restore Library material Account	$ 16,000
Replacement of Aquatic Center inflatables	$ 8,000
RecTrac update	$ 5,000
	$965,572

Program Expansion

➢ Add Street Sweeping Crew (part-time) from Gas Tax fund	$ 32,200
➢ Add part-time food preparers at Zoo	$ 14,700
➢ Expand Library hours on Wednesday (from 5:00 pm to 8:00 pm closing)	$ 9,800
	$ 56,700

Summary

1.	Park Maintenance	$ 332,100
2.	Building Maintenance	$ 128,400
3.	Vehicle & Equipment	$ 613,734
4.	Program Maintenance	$ 965,572
5.	Program Expansion	$ 56,700
		$2,096,506

General Fund Department Appropriations

	FY13 Actual	FY14 Projected	FY15 Proposed
Council	$ 96,388	$ 101,973	$ 108,725
Manager	874,480	938,621	955,179
Attorney	826,899	824,782	829,022
Clerk	415,522	410,053	437,568
Community Dev.	3,142,984	3,412,333	3,424,548
Finance	3,076,757	3,527,496	3,421,203
Fire	14,381,223	14,173,426	14,790,082
Human Resources	677,078	671,383	688,708
Library	1,283,875	1,407,381	1,403,609
Parks & Recreation	10,934,402	11,246,337	11,175,166
Police	17,545,910	17,827,877	17,875,575
Public Works	4,986,405	5,874,081	6,085,354
Animal Control	-	173,770	188,306
Non-Departmental	5,920,567	6,414,758	6,842,815
	$ 64,162,490	$ 67,004,271	$ 68,225,860

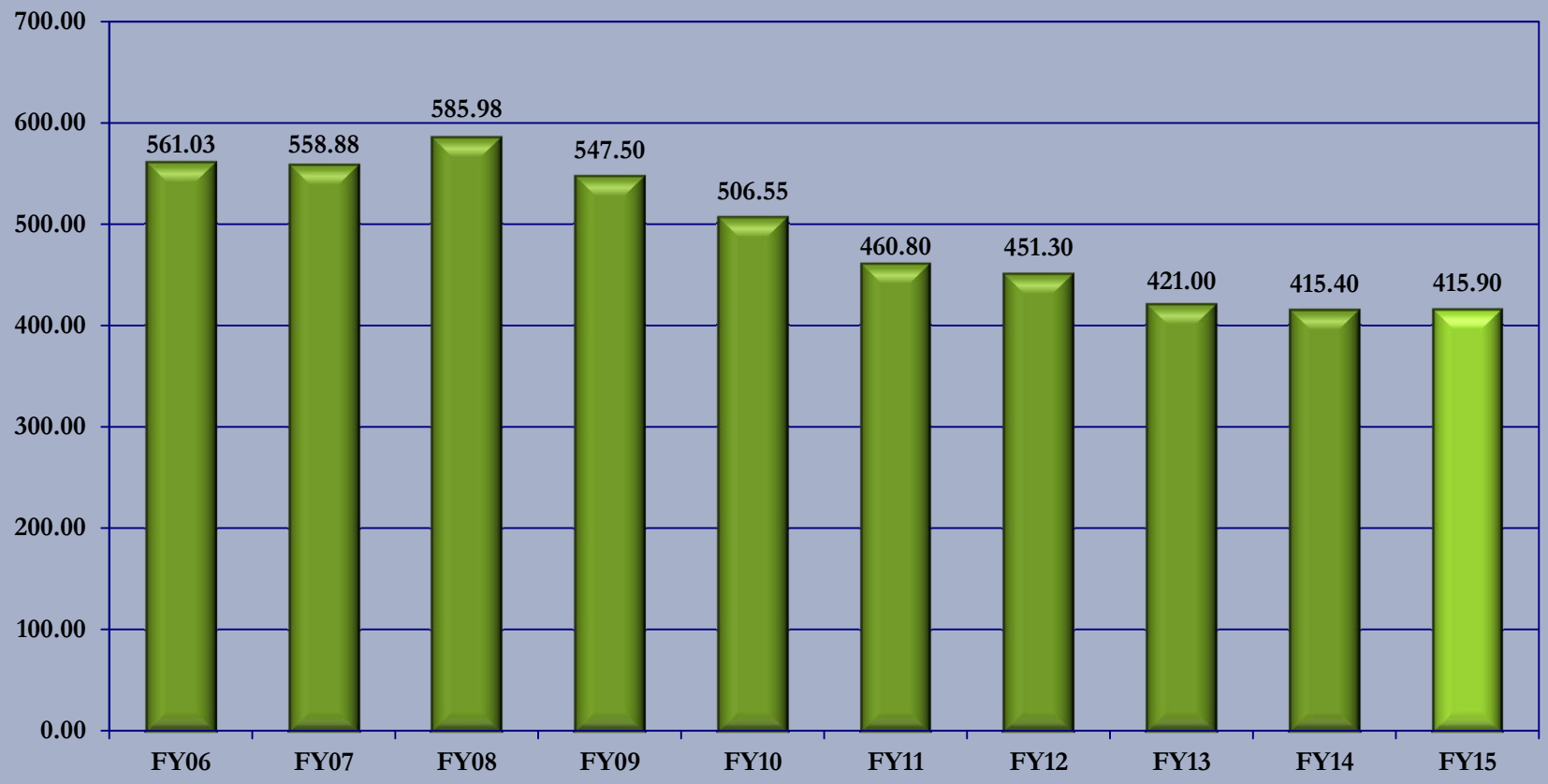
General Fund Total Allocations by Function

	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Proposed
General Government	9.0%	9.4%	9.4%	9.4%
Public Safety	48.6%	47.4%	47.8%	48.2%
Comm Dev & Public Works	14.2%	15.3%	14.4%	13.9%
Recreation & Culture	18.8%	18.5%	18.4%	18.4%
Non-Departmental	8.5%	9.3%	10.0%	10.0%

General Fund Tax Allocations by Function

	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Proposed
General Government	7.1%	8.1%	8.7%	8.8%
Public Safety	64.8%	63.7%	63.4%	62.3%
Comm Dev & Public Works	3.6%	4.2%	3.0%	3.4%
Recreation & Culture	14.8%	14.6%	14.0%	14.5%
Non-Departmental	9.7%	9.4%	11.0%	11.0%

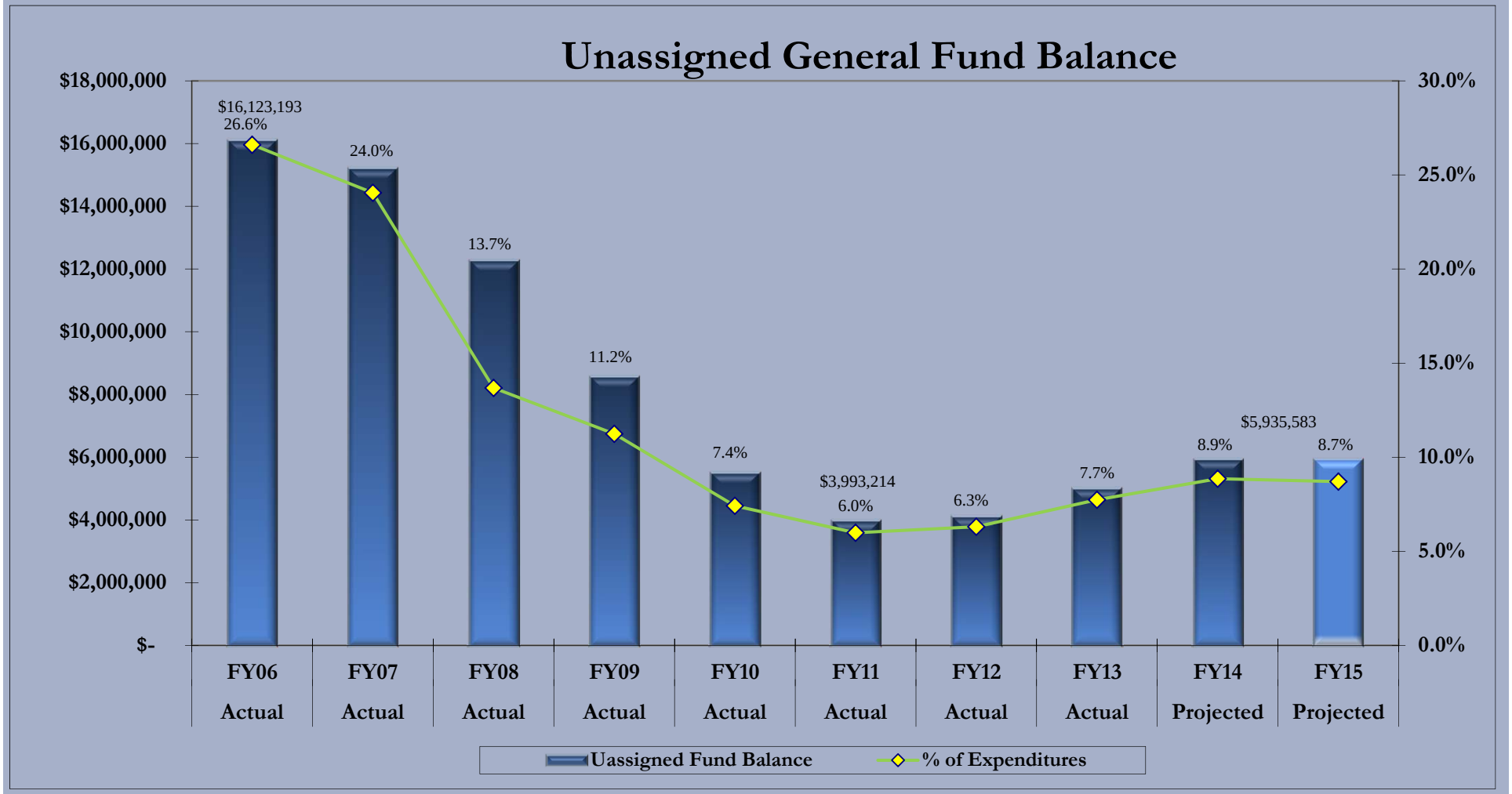
Total Authorized & Funded Positions by Fiscal Year



Staffing

	General Fund	Utilities	Transit	Total
FY 13-14	312.05	89.95	13.40	415.40
FY 14-15	310.55	91.95	13.40	415.90
Difference	(1.50)	2.00	0.00	0.50

FY15 Changes – (1.0) Maintenance Specialist
(0.5) Library Technician
2.0 Solid Waste Drivers


Unassigned General Fund Balance
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
$16,123,193
26.6%
24.0%
13.7%
11.2%
7.4%
$3,993,214
6.0%
6.3%
7.7%
8.9%
$5,935,583
8.7%
FY06 Actual
FY07 Actual
FY08 Actual
FY09 Actual
FY10 Actual
FY11 Actual
FY12 Actual
FY13 Actual
FY14 Projected
FY15 Projected
Uassigned Fund Balance
% of Expenditures

Fund Balance Growth

1. Turnover and Vacancies
2. Reviewing Staffing Levels
3. Eliminating Other Fund Deficits
4. Controlling Expenditures
5. Conservative Revenue Growth

Fund Balance Growth Goal: $500,000

General Fund Budget Forecast

Updated April 4, 2014

	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast
	FY15	FY16	FY17	FY18	FY19	FY20
Property Tax	$ 18,413,810	$ 19,659,273	$ 20,417,666	$ 21,531,712	$ 22,795,568	$ 24,252,527
Sales and Use	$ 19,798,036	$ 20,985,918	$ 22,035,214	$ 23,136,975	$ 24,878,139	$ 25,997,655
Transient	$ 1,310,214	$ 1,323,325	$ 1,542,825	$ 1,573,681	$ 1,605,155	$ 1,637,258
Real Prop Transfer	$ 385,000	$ 392,700	$ 400,554	$ 408,565	$ 416,736	$ 425,071
Other Taxes	$ 655,107	$ 661,662	$ 771,412	$ 786,841	$ 802,577	$ 818,629
Licenses and Permits	$ 1,919,954	$ 1,977,553	$ 1,997,328	$ 2,017,301	$ 2,037,474	$ 2,057,849
Intergovernmental	$ 5,790,000	$ 5,847,900	$ 5,906,379	$ 5,965,443	$ 6,025,097	$ 6,085,348
Charges for Services	$ 10,690,195	$ 10,903,999	$ 11,122,079	$ 11,344,520	$ 11,571,411	$ 11,802,839
Fines & Forfeitures	$ 314,000	$ 320,280	$ 323,483	$ 326,718	$ 329,985	$ 333,285
Interest	$ 110,000	$ 113,300	$ 116,699	$ 120,200	$ 123,806	$ 127,520
Misc	$ 1,030,282	$ 1,044,482	$ 1,058,966	$ 1,073,740	$ 1,088,809	$ 1,104,179
Transfer In from other Funds	$ 7,809,262	$ 7,887,355	$ 7,966,228	$ 8,045,890	$ 7,401,349	$ 7,475,363
Total Revenue	**$ 68,225,860**	**$ 71,117,746**	**$ 73,658,833**	**$ 76,331,586**	**$ 79,076,107**	**$ 82,117,523**
	0.7%	4.2%	3.6%	3.6%	3.6%	3.8%
Salaries and Wages	$ 31,523,221	$ 31,850,244	$ 31,920,284	$ 32,789,210	$ 33,681,655	$ 34,359,992
Benefits	$ 20,152,002	$ 21,987,546	$ 23,350,586	$ 25,008,388	$ 26,566,973	$ 28,123,011
Operations & Maintenance	$ 13,563,539	$ 13,951,407	$ 14,450,720	$ 14,864,820	$ 15,291,149	$ 15,730,072
Debt Service	$ 2,266,098	$ 2,150,928	$ 2,150,928	$ 2,150,928	$ 900,928	$ 900,928
Capital Expenses	$ 721,000	$ 1,175,000	$ 1,550,000	$ 1,725,000	$ 2,100,000	$ 2,150,000
Total Expenditures	**$ 68,225,860**	**$ 71,115,124**	**$ 73,422,517**	**$ 76,538,347**	**$ 78,540,705**	**$ 81,264,003**
Change from prior year	1.9%	4.2%	3.2%	4.2%	2.6%	3.5%
Surplus/-Deficit	$ (0)	$ 2,621	$ 236,316	$ (206,761)	$ 535,402	$ 853,520
Operating Ratio	**100.00%**	**100.00%**	**100.32%**	**99.73%**	**100.68%**	**101.05%**
Gen Fund Balance 6/30	$ 6,473,318	$ 6,475,939	$ 6,712,255	$ 6,505,495	$ 7,040,897	$ 7,894,417
Restricted	$ 660,462	$ 667,066	$ 673,737	$ 680,474	$ 687,279	$ 694,152
Unassigned	$ 5,812,856	$ 5,808,873	$ 6,038,518	$ 5,825,020	$ 6,353,618	$ 7,200,265
Unassigned as % of Total Exp	**8.52%**	**8.17%**	**8.22%**	**7.61%**	**8.09%**	**8.86%**
UFB as % of Mthly Exp	1.02	0.98	0.99	0.91	0.97	1.06

5-year Forecast

Revenue	5 year Gain
Property & Sales Taxes	$ 12,000,000
Charges for Service	1,100,000
All Other	925,000
Intergovernmental	200,000
Transfers from other Funds	(325,000)
Total Revenue Growth:	$ 13,900,000

Expenditures	
Salaries and Wages	$ 2,800,000
Benefits	8,000,000
O&M	2,200,000
Debt	(1,366,000)
Capital	1,429,000
Total Expenditure Growth:	$ 13,063,000

5-year Forecast Cautions

1. Budgets are sustainable if economy continues slow growth.
2. Even with growth, revenues are volatile.
3. Expense pressures are rising faster than revenue growth.
4. Benefit cost increases are the major expenditure pressure.
5. Sustainability depends on little or no growth in staffing.
6. Delayed investments can be addressed over time.

Other Funds

Gas Tax & "Maintenance of Effort"

- **Replaced $300,000 of Gas Tax with General Funds for staffing costs**
- **Intend to continue for next 2 years.**

Tree Mitigation Fund

- **Reduced expenses from fund by $320,000**
- **Expect annual revenue of $30,000 - $40,000**
- **Need to reduce expenses from $90,000 to $40,000 in next couple of years.**

Other Funds - continued

<u>Compensated Leave Time</u>

- Changed leave policy through collective bargaining
- Reduced expense from 7% of base salary to 5%.
- Propose to eliminate deficit in two years.
- Can then reduce expense to approximately 3%.

<u>Humbug-Willow Creek Fund</u>

- $765,000 deficit gradually being lowered thru revenue.
- Estimated ending deficit to be $300,000.
- Propose repaying in three $100,000 payments

Other Funds - continued

<u>Park Improvement Fund</u>

- Costs of planned improvements expected to exceed the amount generated thru impact fees.
- Administration is preparing alternatives for Council consideration.

<u>GASB 45 – Retire Health Trust Fund</u>

- Annual Required Contribution (ARC) not financially feasible ($4.1 million)
- Consider building contribution up to "normal cost".
- Consider using fund as a Stabilization Fund.
- Alternatives are being prepared for Council consideration.

Water Utility

	FY13-14 Projected	FY14-15 Proposed
Revenue	$ 14,900,755	$ 15,565,000
Salaries	$ 2,190,626	$ 2,650,211
Benefits	1,275,638	1,492,010
O&M	3,522,531	5,259,472
Debt Svs	2,054,894	2,016,871
Transfers	835,388	792,618
Total Oper	$ 9,879,077	$ 12,211,182
Capital	$ 99,541	$ 3,117,800

Wastewater Utility

	FY13-14 Projected	FY14-15 Proposed
Revenue	$ 6,169,378	$ 6,340,200
Salaries	$ 1,382,592	$ 1,527,701
Benefits	722,018	856,741
O&M	854,579	1,369,171
Debt Svs	82,595	-
Transfers	687,407	559,936
Total Oper	$ 3,729,191	$ 4,313,549
Capital	$ 851,994	$ 2,856,235

Solid Waste Utility

	FY13-14 Projected	FY14-15 Proposed
Revenue	$ 10,155,884	$10,292,658
Salaries	$ 3,033,679	$ 2,914,064
Benefits	1,614,031	1,763,124
O&M	3,152,288	3,473,908
Debt Svs	52,938	-
Transfers	1,217,005	1,198,837
Total Oper	$ 9,069,941	$ 9,349,933
Capital	$ 3,190,000	$ 900,000

Transit

	FY13-14 Projected	FY14-15 Proposed
Revenue	$ 3,914,283	$ 4,917,969
Salaries	$ 641,321	$ 678,150
Benefits	454,281	485,846
O&M	2,089,681	2,053,488
Debt Svs	-	-
Transfers	354,000	267,648
Total Oper	$ 3,539,283	$ 3,485,132
Capital	$ 375,000	$ 1,213,777

Capital Improvement Plan Overview

New Projects

	Project	Budget
Parks	Davies Park	$ 150,000
	Empire Ranch Park Site #53	65,000
	Lew Howard Park	347,100
Recreation	Folsom Sports & Teen Center	233,000
	Sports Lighting Controls	23,600
	Synthetic Turf	145,000
Fire	City-wide Radios	50,434
	Fire Apparatus	351,558
Trails	Humbug Willow Creek – Bridge	92,878
Drainage	Willow Creek Sibley Flood Mitigation	250,000
Streets	Energy Efficient Traffic Sig & Lights	65,000
	Green Valley Rd Widening	500,000
Transportation	Historic District Traffic and Parking	10,000
Wastewater	Greenback Sewer & Lift Station	200,000
Water	Crestridge Waterline Replacement	450,000
	La Colina Del Lago Tank Replacemen	110,000
	Leak Detection	40,000
	PRV Stations Improvement	280,000
	Water Service Line Rplcmnt Proj #2	350,000
	Water System Rehab Proj #1	40,000
	WTP Filter Trough Project	250,000
	WTP Reservoir #1 Rehab	1,406,193
		$ 5,409,763

Continuing Projects with Increased Project Budget

	Project	Increase to Proj Budget	Proposed Proj Budget
Parks	Parkway Parksite #44	$ 226,500	$ 308,925
Trails	Folsom Lake/Johnny Cash Trail – Ph. II	700,000	960,000
	Lake Natoma Class 1 Trail – Phase II	849,000	1,510,000
Drainage	Storm Drain Pond	300,000	340,000
Streets	Pavement Mgmt Plan Update	75,000	193,053
	Street Overlay / Pavement Management	2,930,000	2,930,000
Transportation	Orangevale Bridge	200,000	2,769,661
	Rainbow Bridge Rehab	1,110,000	1,387,500
Wastewater	ARC Sewer Access R&R	1,001,235	1,270,000
	FPA EVP Sewer Lift Station & Force Main	2,800,000	3,080,000
	Old Town Pipeline R&R	830,000	915,000
	Natoma Alley R&R	180,000	1,180,000
Water	Easton/Glenborough Zone 1 Pump Station	197,800	1,697,800
	FPA Hwy 50 Water Crossing Pipeline	900,000	990,000
	FPA PRV Stations	750,000	810,000
	FPA WTP Plant Ph 1 Improvements	1,900,000	2,088,142
	FPA Zone 4 Tank & Zone 5 BPS	1,900,000	2,089,918
	FPA Zone 5 Tank & Zone 6 BPS	2,000,000	2,200,000
	Old Town Water R&R Project No. 1	630,000	715,000
		$ 19,479,535	$ 27,434,999

CIP Funding Sources

Fund	Amount
General Fund	$ 870,592
Humbug Willow Creek	1,447,120
Park Dedication	233,000
Gas Tax	1,000,000
Transportation Tax	67,920
Measure A	2,605,624
Park Improvement	788,600
CFD #14	92,878
Transportation Improvement	3,362,000
Drainage Impact	550,000
Light Rail Impact	230,000
Water Operating	2,770,000
Water Capital	55,000
Wastewater	2,211,235
FPA Infrastructure	10,447,800
Total Proposed	$ 26,731,769
Total FY14-15 Projected Expenditures	$ 47,154,558

Questions / Comments